

Now, the challenge ahead of us is to balance the budget. I invite the American people, I invite my colleagues to join us in that challenge. It is immoral to continue to put the burden of the debt and the deficit they created in the last 40 years on our children and our grandchildren.

Join us, I urge you. We are going forward to make America strong and better and to give it back to the people, the people who own it, the people who made it, the people whose taxes make it run and who believe in this agenda and in us.

#### DISTRICT OF COLUMBIA FINANCIAL RESPONSIBILITY AND MANAGEMENT ASSISTANCE ACT OF 1995

Mr. DAVIS. Mr. Speaker, I ask unanimous consent to take from the Speakers' table the bill (H.R. 1345) to eliminate budget deficits and management inefficiencies in the government of the District of Columbia through the establishment of the District of Columbia Financial Responsibility and Management Assistance Authority, and for other purposes, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Senate amendments:

Page 7, line 2, strike out "or"

Page 7, line 6, strike out "States." and insert "States;"

Page 7, after line 6, insert:

(3) to amend, supersede, or alter the provisions of title 11 of the District of Columbia Code, or sections 431 through 434, 445, and 602(a)(4) of the District of Columbia Self-Government and Governmental Reorganization Act (pertaining to the organization powers, and jurisdiction of the District of Columbia courts); or

(4) to authorize the application of section 103(e) or 303(b)(3) of this Act (relating to issuance of subpoenas) to judicial officers or employees of the District of Columbia courts.

Page 10, strike out lines 7 to 9 and insert:

(4) maintains a primary residence in the District of Columbia or has a primary place of business in the District of Columbia.

Page 12, strike out lines 17 to 24, and insert:

(C) INAPPLICABILITY OF CERTAIN EMPLOYMENT AND PROCUREMENT LAWS.—

(1) CIVIL SERVICE LAWS.—The Executive Director and staff of the Authority may be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of that title relating to classification and General Schedule pay rates.

(2) DISTRICT EMPLOYMENT AND PROCUREMENT LAWS.—The Executive Director and staff of the Authority may be appointed and paid without regard to the provisions of the District of Columbia Code governing appointments and salaries. The provisions of the District of Columbia Code governing procurement shall not apply to the Authority.

Mr. DAVIS (during the reading). Mr. Speaker, I ask unanimous consent that

the Senate amendments be considered as read and printed in the RECORD.

The SPEAKER pro tempore (Mr. BURTON of Indiana). Is there objection to the request of the gentleman from Virginia?

There was no objection.

The SPEAKER pro tempore. Is there objection to the original request of the gentleman from Virginia?

Ms. NORTON. Mr. Speaker, reserving the right to object, I yield to the subcommittee chairman, the gentleman from Virginia [Mr. DAVIS], to explain the nature of the Senate amendments.

Mr. DAVIS. Mr. Speaker, I thank the gentlewoman for yielding.

The Senate has passed the District of Columbia Financial Responsibility and Management Assistance Act with several technical and clarifying amendments and has returned it to the House.

The Houses are not in formal disagreement on the issue. I do not find the amendments to be in conflict with the nature or the purpose of the bill as passed by the House, and I am prepared to accept them and send them, send the bill, to the President for his signature.

The amendments deal with such items as ensuring that the courts are protected, the application of District laws to the Authority, and a clarification of the qualification of the members of the Authority.

Ms. NORTON. Mr. Speaker, I further reserve the right to object.

(Ms. NORTON asked and was given permission to revise and extend her remarks.)

Ms. NORTON. Mr. Speaker, further reserving the right to object, I, too, have examined the amendments, and I will not object to them.

I am inserting a statement from the gentlewoman from Illinois [Mrs. COLLINS], the ranking minority member of the Committee on Government Reform and Oversight, and the gentlewoman from Texas [Ms. JACKSON-LEE] at this point in the debate.

Mr. WALSH. Mr. Speaker, will the gentlewoman yield?

Ms. NORTON. Further reserving the right to object, I yield to the gentleman from New York.

Mr. WALSH. Mr. Speaker, I will be very brief.

I just would like to say that it has been my great pleasure to work with the distinguished Delegate from Washington, our Nation's Capital, who serves with such grace and distinction, the gentlewoman from the District of Columbia [Ms. NORTON], and it has been my pleasure also to work on this bill with the gentleman from Virginia [Mr. DAVIS], a freshman Member from Virginia, and the people of Northern Virginia showed great wisdom in sending this young man to us at this time.

This was a bipartisan bill, passed unanimously by the House under the leadership of the committee chairman, the gentleman from Pennsylvania [Mr.

CLINGER], who guided all of us in this endeavor.

This will bring closure to the first step in restoring our Nation's Capital City.

I have enjoyed working with all the Members and with the truly responsible members of city government.

Again, it is a bipartisan effort that we all can take pride in, and I urge unanimous support.

Mr. Speaker, I rise in strong support of H.R. 1345, the District of Columbia Financial Responsibility and Management Assistance Act of 1995, as amended by the Senate last night.

The amendments made by the Senate are, for the most part, clarifying in nature. The amendment on page 7 involves the relationship of the Authority with the District of Columbia courts. The amendment on page 12 clarifies the applicability of certain employment and procurement laws to the Authority's Executive Director and staff.

The amendment on page 10 of the House engrossed bill modifies a provision of the legislation dealing with the required qualification for appointment to the District of Columbia Financial Responsibility and Management Assistance Authority. As the bill now before us reads, persons appointed to the Authority must all "be individuals who maintain a primary residence in the District of Columbia or who have a primary place of business in the District of Columbia."

This is a useful change because while maintaining the requirement that all appointees have clear ties to the District, it at the same time broadens the pool of persons eligible to be selected. In that regard, I think it is clear that having "a primary place of business in the District" is broader than having to own a business here. There are certainly many people who are not the actual owners of a business located in the District, but whose primary place of business is there. For example, an accountant who works for an accounting firm in the District of Columbia can surely be said to have the District as their primary place of business.

Owning a business, and doing business are not necessarily the same thing, and not everyone who has a primary place of business is the owner of that business.

Mr. Speaker, this is a good compromise with the Senate and I urge my colleagues to agree to H.R. 1345 as amended by the State.

Mr. CLINGER. Mr. Speaker, will the gentlewoman yield?

Ms. NORTON. Further reserving the right to object, I yield to the gentleman from Pennsylvania, the distinguished chairman of the full committee.

Mr. CLINGER. Mr. Speaker, I thank the gentlewoman for yielding to me.

I just want to rise and commend you and the gentleman from Virginia [Mr. DAVIS], the gentleman from New York [Mr. WALSH], and the gentleman from California [Mr. DIXON] for a truly, I think, historic bipartisan effort to bring to the District of Columbia the kind of control that I think is going to be necessary to restore the District to fiscal sanity.

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You have been absolute giants in achieving this, and I think it is so important this has been a bipartisan effort. I think it was absolutely essential that we got together as a Congress to accomplish this, so my hat is off to all of you. It was not an easy job. I know the hours, the days, the weeks that were involved in it. The gentleman from Virginia [Mr. DAVIS] particularly who was the chief architect of this, he deserves all the credit that he is going to receive for accomplishing this, and to the gentlewoman from the District of Columbia [Ms. NORTON] I say, "Again thank you so much for all you have done to make this happen."

Ms. NORTON. Mr. Speaker, I thank the distinguished gentlemen for their kind and gracious remarks and for all of their unyielding help and determination during this very difficult process. I am pleased that it is at an end and it has received such remarkable support in this House, in the Senate, and I applaud especially the efforts of the subcommittee chairman, the gentleman from Virginia [Mr. DAVIS], who has worked untiringly for fair results.

Ms. NORTON. Mr. Speaker, in the bill originally passed by the House, we set out to require that members of the Authority have a stake in this city, and used as evidence the payment of personal income or business taxes in the District. As part of the technical amendments adopted in the Senate, this language, for the purpose of clarification, was modified to require members to maintain a primary residence or have a primary place of business in the District. As with the original House provision, it is intended that members of the Authority have a clear tax-based stake in the District. Such a stake exists where a person pays personal income taxes or, because his or her primary place of business is headquartered in the District, pays business taxes to the District. Such a stake, however, clearly does not exist where a person merely, by virtue of employment, works in the District but pays no business taxes in the District. As an indication of this intent, the Senate agreed to eliminate a requirement of employment in one of its proposals. By so doing they agreed to the elimination of individuals who work for the government or for private employers but live elsewhere and pay no personal or business taxes in the District of Columbia. As reiterated in each of the hearings on this legislation held by the House Subcommittee on the District of Columbia, such basic stakeholderhood is critical to the ultimate legitimacy and success of such authorities.

Section 202(g) allowing line-item authority by the Mayor and the city council is necessary during the control period because the finances all of the revenue of the District must be treated as a whole and the same financial discipline applied in the same fashion to all units that are funded by the District of Columbia government. Home rule requires that first the school board and then the Mayor and the city council initiate any necessary designation and realignment of expenditures before any action may be taken by the Authority. Therefore, there was no way to avoid line-item authority by any of the city's elected leaders. However, Congress intends no interference with the

Home Rule Act jurisdiction of the elected board of education. Although no agency is protected from cuts that may be necessary to bring the city's budget as a whole into line, Congress does not intend that there be raiding of the school system budget. The Authority and, if necessary, the Congress itself will enforce the board of education's existing legal prerogatives.

Nor does the Congress endorse recent implications that it would be best for the Board of Education, the school system, or the Superintendent to be under the jurisdiction of other elected officials. The residents of the District, elected officials, or the Authority may make appropriate recommendations in this regard. However, it is not appropriate for Congress to make such a significant change without receiving a recommendation pursuant to hearings and a thoughtful process, and Congress has no evidence that would warrant such a change at this time. In H.R. 1345, Congress has made only those changes necessary to meet the financial emergency that is the subject matter of this legislation.

The Home Rule Charter establishes the Board of Education as an independent agency of the District government and gives it the statutory authority and jurisdiction to determine all questions of general policy related to the schools, direct expenditures, appoint the superintendent of schools, enter into negotiations and binding contracts, provide state certification for personnel, and control the use of public school buildings and grounds. While H.R. 1345 gives line-item authority over the school system's budget to the Mayor and city council, it is not intended to change the relationship between the board of education and city council. Just as the Authority should not be able to reorder the priorities of the Mayor and the city council, the Mayor and the council should not be able to reorder the board of education's educational priorities.

Elected officials and the Authority need to be especially vigilant in guarding the school board's independence. Because there is no bright line between budget and policy, it would not be difficult to trespass into the legitimate areas reserved for the school board. One important way to avoid this problem is, before a final decision is made on any line-item cut in the school system's budget, there should be collaboration and an effort to reach consensus among elected officials and the superintendent of schools. This is how the Mayor and the council will relate to the Authority and it is how they in turn should relate to the schools.

We note that District of Columbia elected officials have worked collaboratively in the past to establish a formula for public school funding similar to funding formulas in many school districts, and these efforts should be continued.

Since Congress gave the district authority to cut the school system's budget during the fiscal year, that authority has been used to make large cuts in the school system's budget late in the fiscal year. September is the time in the fiscal year when the city scrambles to balance its budget by ordering cuts to make up for agency overspending. These actions destabilize school operations and directly impact on local funding. While it is true that the school system spends most of its budget at the beginning of the fiscal year, and spending activities drop during the summer months, the system needs its budgeted money to reopen schools in September, the last month in the

fiscal year. If the council is able to raid the school system's budget late in the fiscal year, the board may be unable to balance its budget. Every effort should be made to do careful planning to avoid sudden and unplanned cuts.

Finally, the Congress is particularly concerned that there be no political influence in the operation of the schools or in matters such as the awarding of contracts.

Mrs. COLLINS of Illinois. Mr. Speaker, I am delighted that the District of Columbia Subcommittee's ranking member, ELEANOR HOLMES NORTON, and the subcommittee's Chair, TOM DAVIS, were able to reach agreement with members of the other body on minor technical changes in this bill. Their determination to produce a bipartisan and bicameral piece of legislation has paid off for them and for the residents of the District of Columbia. These two members are to be commended for their fine work.

H.R. 1345, the District of Columbia Financial Responsibility and Management Assistance Act, is a carefully crafted bill which balances the interests of the District and Federal Governments. It provides the District with the relief it desperately needs from the extreme financial crisis confronting it, while it also assures the continued delivery of essential public services to local residents, Federal agencies, and the many millions of our constituents who visit the Nation's Capital each year.

I will continue to work closely with Chairmen CLINGER, TOM DAVIS, and ELEANOR NORTON, to ensure that the Congress does its fair share to help restore the District's financial health and bring an end to the need for this new Authority. I want to see the District back on its feet, and soon.

I am pleased that this bill won the unanimous support of our Members when it was considered on the House floor earlier this week. It deserved the same here today.

Ms. JACKSON-LEE. Mr. Speaker, I rise today in support of the District of Columbia Financial Responsibility and Management Assistance Act. This act will create a presidentially-appointed Financial Control Board to oversee the budget and finances of the District of Columbia government.

The city of Washington, DC, is our Nation's Capital and I believe that the U.S. Congress has a responsibility to ensure that this city remains financially solvent and a shining example of our Nation's commitment to cities.

As a former member of the city council of the city of Houston, TX, I clearly understand the critical issues confronting many of our Nation's cities, such as a shrinking tax base, high unemployment, an increase in crime and, in many instances, a loss of hope among many residents.

Some Americans believe that we should abandon our cities. However, I still strongly believe in our Nation's cities. They deserve our unequivocal support to become economically viable again. Our cities also deserve our support because they serve as central places where all Americans can assemble to celebrate our common cultural heritage.

I applaud my colleagues, ELEANOR HOLMES NORTON of the District of Columbia and THOMAS DAVIS of Virginia for their efforts to secure passage of this bill. After this bill becomes law and the Financial Control Board completes its work, I believe that the District of Columbia will emerge as an even greater city and a powerful symbol of our Nation's promise.

Ms. NORTON. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore (Mr. BURTON of Indiana). Is there objection to the initial request of the gentleman from Virginia?

There was no objection.

A motion to reconsider was laid on the table.

#### DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY, MAY 3, 1995

Mr. WALSH. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday, May 3, 1995.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

#### AUTHORIZING THE SPEAKER AND MINORITY LEADER TO ACCEPT RESIGNATIONS AND MAKE APPOINTMENTS NOTWITHSTANDING ADJOURNMENT

Mr. WALSH. Mr. Speaker, I ask unanimous consent that, notwithstanding any adjournment of the House until Monday, May 1, 1995, the Speaker and the minority leader be authorized to accept resignations and to make appointments authorized by law or by the House.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

#### SPECIAL ORDERS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 4, 1995, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan [Mr. SMITH] is recognized for 5 minutes.

[Mr. SMITH of Michigan addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio [Ms. KAPTUR] is recognized for 5 minutes.

[Ms. KAPTUR addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.]

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida [Mr. BILIRAKIS] is recognized for 5 minutes.

[Mr. BILIRAKIS addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Maryland [Mr. WYNN] is recognized for 5 minutes.

[Mr. WYNN addressed the House. His remarks will appear hereafter in the Extensions of Remarks].

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Idaho [Mrs. CHENOWETH] is recognized for 5 minutes.

[Mrs. CHENOWETH addressed the House. Her remarks will appear hereafter in the Extensions of Remarks].

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oregon [Mr. DEFAZIO] is recognized for 5 minutes.

[Mr. DEFAZIO addressed the House. His remarks will appear hereafter in the Extensions of Remarks].

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York [Mr. OWENS] is recognized for 5 minutes.

[Mr. OWENS addressed the House. His remarks will appear hereafter in the Extensions of Remarks].

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois [Mr. LIPINSKI] is recognized for 5 minutes.

[Mr. LIPINSKI addressed the House. His remarks will appear hereafter in the Extensions of Remarks].

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. FILNER] is recognized for 5 minutes.

[Mr. FILNER addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

#### CONGRESS MUST ACT NOW TO PRESERVE INTEGRITY OF DEPOSIT INSURANCE PROGRAM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York [Mr. LAFALCE] is recognized for 5 minutes.

Mr. LAFALCE. Mr. Speaker, today I am introducing several bills designed to address the serious problems posed for the Savings Association Insurance Fund [SAIF] by the current obligations imposed on the thrift industry and the pending disparity between the premiums paid by BIF-insured and SAIF-insured institutions.

Not too many weeks ago, many were denying that a problem even existed. The discussion has now proceeded past that stage, and I believe there is a substantial consensus the problem is real and should be addressed quickly—before it becomes a crisis.

There are a multitude of competing interests involved in the resolution of this difficult problem. These bills need

not, and are not intended to, satisfy anyone's or everyone's concerns, and the options I have incorporated are not exhaustive, nor are they mutually exclusive. But I believe they do set forth the major issues we must address, and provide mechanisms for doing so that are reasonably calculated to put this problem behind us. They are intended to move the dialog on this issue to the next stage.

The regulators have now presented quite clearly the nature, extend, and urgency of the problem, and discussed a range of options available to the Congress in general terms. It is my hope that these bills will now move us to focus more concretely on the elements of any meaningful resolution, and allow us to begin to work with the administration, the regulators, and affected parties to identify the specifics of alternative solutions, assess and evaluate them, and then select a course of action.

#### I. THE PROBLEM

The art of governance is not addressing crises. It is anticipating them and developing public policy options that will preclude their occurrence. In this sense, the Congress now has a rare opportunity.

Had we anticipated and addressed the problems posed by an undercapitalized thrift insurance fund in the mid-1980's, we would never have faced the thrift crisis of 1989. Despite warnings from myself and others, the Congress did not anticipate, and the result was an enormous burden placed on the American taxpayer in the FIRREA legislation.

#### A. DIFFICULTIES CONFRONTING SAIF

How, different but related problems confront us again. All of the relevant regulators, the Treasury Department, and the GAO—in a report commissioned by myself and Senator D'AMATO—have officially alerted the Congress that we have serious problems which must be addressed in the near term. In summary, those problems are as follows:

The SAIF insurance fund is seriously undercapitalized just at the point it will newly have to assume responsibility for thrift failures from the RTC effective July of this year; the mechanism by which thrift premiums are diverted to pay the interest on the FICO bonds, which were issued to pay for the thrift failures of the 1980's, is no longer viable. According to the FDIC, there is no question that there will eventually not be sufficient thrift premium income to service the FICO obligations. The only question is when that deficiency will occur; and, finally, within the next few months there will be a premium disparity between BIF-insured and SAIF-insured institutions of as much as 20 basis points. Such a substantial differential could adversely affect the thrift industry in a number of ways, inhibiting its ability to raise capital; placing it as a serious competitive disadvantage; causing higher rates